

05 DEC 30 11:33

**Industrial Development Board
Of the City of Hammond, Inc.**

**Reviewed Financial Statements
As of and For the Year Ended**

June 30, 2005

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 1-11-06

Anthony B. Baglio, CPA
A Professional Accounting Corporation
Hammond, Louisiana

**Industrial Development Board
Of the City of Hammond, Inc.**
As of and For the Year Ended June 30, 2005

C O N T E N T S

Accountant's Report.....	1
Statement of Financial Position.....	2
Statement of Activities.....	3
Statements of Cash Flows.....	4
Notes to Financial Statements.....	5

ANTHONY B. BAGLIO, CPA
A PROFESSIONAL ACCOUNTING CORPORATION
2011 Rue Simone
Hammond, Louisiana 70401
(985) 542-4155

To the Board of Directors
Industrial Development Board
Of the City of Hammond, Inc.
Hammond, La.

Accountant's Report

I have reviewed the accompanying statement of financial position of the **Industrial Development Board of the City of Hammond, Inc.** (hereinafter referred to as "**HIDB**") as of June 30, 2005, and the related statement of activities and cash flows for the year then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of the **Industrial Development Board of the City of Hammond, Inc.**

A review consists principally of inquiries of HIDB personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, I do not express such an opinion.

Based on my review, I am not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with generally accepted accounting principles.



Anthony B. Baglio
Certified Public Accountant
November 4, 2005

**INDUSTRIAL DEVELOPMENT BOARD
OF THE CITY OF HAMMOND, INC.
Statement of Financial Position
June 30, 2005
ASSETS**

CURRENT

Cash	\$ 165,329
Accounts Receivable	216,881
Land Option Deposit	<u>10,000</u>
Total Current Assets	<u>392,210</u>

PROPERTY AND EQUIPMENT

Furniture and Fixtures	5,040
Less: Accumulated Depreciation	<u>(1,881)</u>
Property and Equipment - Net	<u>3,159</u>
Investment - Land Industrial Park	741,360
Total Assets	<u><u>\$ 1,136,729</u></u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts Payable	\$ 7,429
Job Creation - Incentive	<u>10,000</u>
Total Current Liabilities	17,429

Total Liabilities	17,429
-------------------	--------

Net Assets

Temporarily Restricted	<u>1,119,300</u>
Total Net Assets	1,119,300
Total Liabilities and Net Assets	<u><u>\$ 1,136,729</u></u>

The accompanying notes are an integral part of this statement.

**INDUSTRIAL DEVELOPMENT BOARD
OF THE CITY OF HAMMOND, INC.
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2005**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Totals</u>
REVENUES			
HAEIDD Reimbursement for Expenses	\$ -	\$ 53,030	53,030
Gain from Sale of Land	-	72,795	72,795
Interest Income	-	2,306	2,306
Net Assets released from restrictions:			
Restrictions satisfied by payments	<u>152,466</u>	<u>(152,466)</u>	<u>-</u>
	152,466	(24,335)	128,131
EXPENSES			
Program Services			
Consulting	86,929	-	86,929
Legal Fees	17,673	-	17,673
Professional Services	8,733	-	8,733
Master Plan Update	7,750	-	7,750
Travel, Education and Training	6,722	-	6,722
Contract Services - SLU Offices	6,708	-	6,708
Commissions - Land Sales	5,595	-	5,595
Accounting	2,746	-	2,746
Insurance	2,225	-	2,225
HAEIDD Expenses	2,148	-	2,148
Advertising	1,627	-	1,627
Depreciation	940	-	940
Maps/Surveys - Industrial Park	780	-	780
Office Supplies	488	-	488
Cooperative Marketing	425	-	425
Dues and Subscriptions	384	-	384
Business Park - Permits	350	-	350
Office Equipment	136	-	136
Postage and Delivery	57	-	57
Contributions	<u>50</u>	<u>-</u>	<u>50</u>
	152,466	-	152,466
Change in Net Assets		(24,335)	(24,335)
Net assets at beginning of year		350,389	350,389
Prior Period Adjustment		<u>793,246</u>	<u>793,246</u>
Net assets at the end of year		<u>\$ 1,119,300</u>	<u>\$ 1,119,300</u>

The accompanying notes are an integral part of this statement.

**INDUSTRIAL DEVELOPMENT BOARD
OF THE CITY OF HAMMOND, INC.
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2005**

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets	\$ (24,335)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
Depreciation	941
Gain on Sale of Land	(72,795)
Change in Accounts Receivable	(84,188)
Change in In-House Escrow	(10,000)
Change in Accounts Payable	(7,307)
Change in Job Creation Incentive	10,000
Change in Escrow Land Option	<u>(2,000)</u>

Net Cash Used by Operating Activities (189,684)

**CASH FLOWS FROM CAPITAL and
RELATED FINANCING ACTIVITIES**

Sale of Real Estate	<u>140,425</u>
---------------------	----------------

NET DECREASE IN CASH AND CASH EQUIVALENTS (49,259)

CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>214,588</u>
--	----------------

CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 165,329</u>
--	-------------------

The accompanying notes are an integral part of this statement.

**INDUSTRIAL DEVELOPMENT BOARD
OF THE CITY OF HAMMOND, INC.
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2005**

NOTE A

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BUSINESS ACTIVITY

HIDB is a non-profit public corporation created for the purpose of acquiring, owning, leasing, and disposing of property in order to promote industry and develop trade by inducing manufacturing, industrial, and commercial enterprises to locate enterprises in the greater Hammond area.

BASIS OF PRESENTATION

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations. Under SFAS No. 117, the organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

BASIS OF ACCOUNTING

The financial statements of the HIDB have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

INCOME RECOGNITION

HIDB's main source of revenue is generated from Land Sales in the Industrial Park. This land was donated from the City of Hammond at no cost to HIDB.

CONTRIBUTIONS

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

ACCOUNTS RECEIVABLE

Accounts receivable is recorded at the amounts HIDB expects to collect on balances outstanding at year-end. The accounts receivable recorded consist of monies due to HIDB by a related party, The Hammond Economic Industrial Development District (HAEIDD). This receivable is deemed fully collectible by management and therefore, an allowance for uncollectible accounts has not been established.

**INDUSTRIAL DEVELOPMENT BOARD
OF THE CITY OF HAMMOND, INC.
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2005**

PROPERTY AND EQUIPMENT

Property and equipment are recorded at cost. Depreciation of property and equipment is provided using the straight-line method for financial purposes at rates based on the following estimated lives:

Furniture & Fixtures	3 – 10 years
----------------------	--------------

INCOME TAXES

HIDB is registered with the State of Louisiana as a non-profit corporation. HIDB is not recognized by the Internal Revenue Service as a non-profit organization, since the application for exemption has not been filed.

CASH FLOW INFORMATION

The Company considers all short-term investments with an original maturity of three months or less to be cash equivalents.

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE B

CASH AND CASH EQUIVALENTS

At June 30, 2005, HIDB had \$165,329 in collected bank balances. These deposits are secured from risk by \$100,000 of federal deposit insurance. The remaining balance of \$65,329 is unsecured and therefore, at a risk of loss.

NOTE C

ACCOUNTS RECEIVABLE

The composition of accounts receivable at June 30, 2005, is as follows:

HAEIDD (Related Party)	<u>\$ 216,881</u>
------------------------	-------------------

**INDUSTRIAL DEVELOPMENT BOARD
OF THE CITY OF HAMMOND, INC.
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2005**

NOTE D

PROPERTY AND EQUIPMENT

Depreciable property and equipment consists of the following:

	<u>June 30</u>
Furniture & Fixtures	\$ 5,040
Less: Accumulated Depreciation	<u>(1,881)</u>
Property and Equipment - Net	<u>\$ 3,159</u>

Depreciation expense for the year ended June 30, 2005 totaled \$ 940.00

NOTE E

RELATED PARTY TRANSACTIONS

On February 1, 2003 **HIDB** entered into a Cooperative Endeavor Agreement with The Hammond Area Economic and Industrial Development District (HAEIDD). HAEIDD is a political subdivision of the State of Louisiana created for the purpose of promoting and encouraging the development of economic and industrial opportunities, stimulating the economy through renewed commerce and industry, and utilizing and developing natural and human resources to provide job opportunities. HIDB and HAEIDD agreed to collaborate efforts to further the economic interest of the Hammond community. In this agreement HAEIDD agreed to reimburse HIDB for expenses HIDB incurs on behalf of HEIDD. HIDB agreed to reimburse HAEIDD for expenses HAEIDD incurs on behalf of HIDB. The accounts receivable recorded on the financial statements of HIDB is the balance due to HIDB for expenses incurred on behalf of HAEIDD. Management expects to collect the balance within the next fiscal year.

NOTE F

JOB CREATION INCENTIVE

HIDB owns property (Industrial Park) that is marketed and sold for the benefit of the organization. When a piece of property is sold an agreement is made with the purchasers concerning the creation of new employment positions. The agreement states that if the purchaser creates five new employment positions for each acre purchased within two years of the purchase date, they will be refunded \$1,000 for each new position created with a maximum of a \$5,000 refund of the purchase price. At year end, HIDB has a potential liability to existing purchasers of \$10,000. If at the end of the two year time frame, the purchaser has not created the employment positions, the refund is forfeited and recognized as revenue by HIDB.

**INDUSTRIAL DEVELOPMENT BOARD
OF THE CITY OF HAMMOND, INC.
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2005**

NOTE G

DONATION OF PROPERTY

HIDB records the value of donated goods or services when there is an objective basis available to measure their value. Donated materials or equipment, when received, are reflected as contributions in the accompanying statements at their estimated fair market values at the date of receipt.

Approximately 30 years ago, HIDB received a donation of land from the City of Hammond. This donation included 85.17 acres of land at a value of \$ 10,000 per acre. As of June 30, 2005, 74.136 acres were available for sale. The remaining land is recorded on the financial statements as an investment in land.

NOTE H

PRIOR PERIOD ADJUSTMENT

HIDB made a prior period adjustment to record the donation of the Industrial Park Land received in a prior year and referenced in Note F & G and to reclassify prior year expenses paid in the current year and not accrued. The cumulative prior period adjustment of \$ 793,246 restates the net assets at the beginning of the year. The correction to the beginning net asset balance is as follows:

Description	Amount
Beginning Net Assets	\$ 350,389
Prior Period Adjustment	
Additional Revenue (Land Donation)	808,990
Increase in Expenses	<u>(15,744)</u>
Beginning Net Assets, restated	<u>\$ 1,143,635</u>